

Message Text

UNCLASSIFIED

PAGE 01 LAGOS 03752 051126Z

ACTION AF-08

INFO OCT-01 ISO-00 EB-08 /017 W

-----051132Z 065572 /17

P 050629Z APR 77

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 282

USDOC WASHDC PRIORITY

UNCLAS LAGOS 03752

USDOC FOR OIM/SAD

E.O. 11652: N/A

TAGS: BGEN, EGEN, NI

SUBJECT: NIGERIAN FINANCE COMMISSIONER DISCUSSES NEW BUDGET

REF: A) LAGOS 3679, B) LAGOS 3686

1. AS FOLLOW UP TO HEAD OF STATE'S MARCH 31 BUDGET SPEECH (REFTEL A), NEW FINANCE COMMISSIONER OLULEYE BRIEFED PRESS APRIL 1 ON DETAILS OF 1977-78 BUDGET. REEMPHASIZED SOUNDNESS OF ECONOMY AND PROGRESS IN FOMENTING GROWTH AND SLOWING INFLATION, BUT WARNED THAT CURRENT 22 PERCENT RATE OF INFLATION IS STILL TOO HIGH TO PERMIT ANY RELAXATION OF RESTRICTIVE AND CORRECTIVE MEASURES. NEW BUDGET THUS WILL CONTAIN STRONGER RESTRAINTS. FISCAL MEASURES OF NEW YEAR AIMED AT INDUSTRIAL PEACE AND STABILITY, ECONOMIC GROWTH ESPECIALLY IN PRODUCTIVE SECTOR, AND LOWERING OF INFLATION RATE.

2. AGRICULTURE. AIM IS TO NOT ONLY SATISFY DOMESTIC FOOD NEEDS BUT DEVELOP EXPORT CAPABILITY. LARGE-SCALE PLANTATIONS WILL BE ENCOURAGED, TAX RELIEF PROVIDED FOR PROJECTS USING LOCAL RAW MATERIALS, AGRICULTURAL EQUIPMENT AND RAW MATERIALS FOR MANUFACTURE OF LIVESTOCK FEED IMPORTED FREE, BAN ON IMPORTED FOOD ITEMS CONTINUED, BANK LOANS TO SECTOR BACKED BY NEW FEDERAL FUND.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LAGOS 03752 051126Z

3. HOUSING. MORE AVAILABILITY OF CREDIT FROM FEDERAL MORTGAGE BANK AND COMMERCIAL AND MERCHANT BANKS MADE COMPULSORY. TO BREAK IMPASSE ON LAND AVAILABILITY, STATE GOVERNMENTS WILL PROCEED TO ACQUIRE LAND AND PARCEL IT OUT TO INDIVIDUALS AND INSTITUTIONS FOR BUILDING PRIVATE HOUSES.

RM MANUFACTURING. TO RAISE DOMESTIC OUTPUT NEW PROTECTION AND

INCENTIVE DEVICES INITIATED. IMPORT DUTIES RAISED ON OUTER GARMENTS, TIRES, PRIMARY BATTERIES AND ELECTRIC FILAMENT LAMPS, WELDING ELECTRODES, FOOTWEAR, PASSENGER CARS, MAN-MADE FIBERS, RAZOR BLADES, FLASHLIGHT BATTERIES, STOCKINGS, KEROSENE COOKERS, TYPEWRITER RIBBONS, ZIP FASTENERS, BLANKETS AND PHONOGRAPH RECORDS. DUTIES REDUCED ON BARLEY, HOPS AND ESSENTIAL RAW MATERIALS. NUMEROUS OTHER ITEMS (REFTEL B) PROHIBITED FROM IMPORT OR MADE TO REQUIRE IMPORT LICENSES.

5. PERSONAL INCOME TAXES. COMMISSIONER CLARIFIED AND CODIFIED RULES ON PERSONAL INCOME TAXES WHILE RAISING PERCENTAGE RATES OF PAYMENT ON EARNED INCOME (E.G., ANNUAL INCOME EXCEEDING NAIRA 60,000 WOULD RECEIVE TAX RATE OF 70 PERCENT). FRINGE BENEFITS (CAR, HOUSING) ALSO TAXED. PAST YEAR'S MEASURES TO ABSORB EXCESSIVE LIQUIDITY AND CURB INFLATION FOUND EFFECTIVE BUT WILL BE SUBJECT TO CERTAIN MODIFICATIONS (MINIMUM OF 50 PERCENT OR COMMERCIAL BANK LOAN HENCEFORTH PRESCRIBED FOR INDIGENOUS BORROWERS, MINIMUM OF 5 PERCENT OF TOTAL LOANS RESERVED FOR RESIDENTIAL CONSTRUCTION, SLIGHT RAISING OF INTEREST RATES). LAGOS STOCK EXCHANGE WILL BE REPLACED BY NIGERIAN STOCK EXCHANGE WITH BRANCHES IN 3 CITIES. STATE AND LOCAL GOVERNMENTS AND STATE-OWNED COMPANIES NOW AUTHORIZED TO BECOME MORE INVOLVED IN CAPITAL MARKET, FREE TO FLOAT BONDS. TIGHTENING UP FEDERAL MONETARY CONTROLS, ALL FINANCIAL INSTITUTIONS OBLIGED REPORT FINANCIAL STATISTICS TO CENTRAL BANK.

6. TRADE. EXPORT EARNINGS TOTALED NAIRA 5899.3 MILLION IN 1976, COMPARED TO NAIRA 5246.1 IN 1975, GAIN LED BY OIL SALES. IN SAME PERIOD, VISIBLE IMPORTS GREW TO NAIRA 4627.8 FROM NAIRA 3511.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LAGOS 03752 051126Z

INVISIBLE IMPORTS INCREASED SLIGHTLY. BALANCE OF PAYMENTS DEFICIT OF NAIRA 241.6 MILLION FOR 1976 REPLACES NAIRA 158 MILLION SURPLUS FOR 1975. FOR COMING YEAR FMG WILL FIX AMOUNT OF FOREIGN EXCHANGE THAT CAN BE SPENT, RATHER THAN PROJECT HOW MUCH WILL BE SPENT. APPROVED OUTFLOWS ARE NAIRA 5,560.9 MILLION FOR VISIBLE IMPORTS, NAIRA 1648.4 MILLION FOR INVISIBLE IMPORTS, 172 MILLION FOR CAPITAL TRANSFERS. IN AREA OF REMITTANCES, AMOUNT OF FUNDS WHICH FOREIGN CONSULTING FIRM CAN REPATRIATE IN FOREIGN EXCHANGE CUT FROM 60 PERCENT TO 50 PERCENT OF CONTRACT FEE.
EASUM

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS03752
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770118-0056
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770487/aaaacyde.tel
Line Count: 107
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8222efa9-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 LAGOS 3679, 77 LAGOS 3686
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2895881
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN FINANCE COMMISSIONER DISCUSSES NEW BUDGET
TAGS: BGEN, EGEN, NI, (OLULEYE, JAMES)
To: STATE COM
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8222efa9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009